

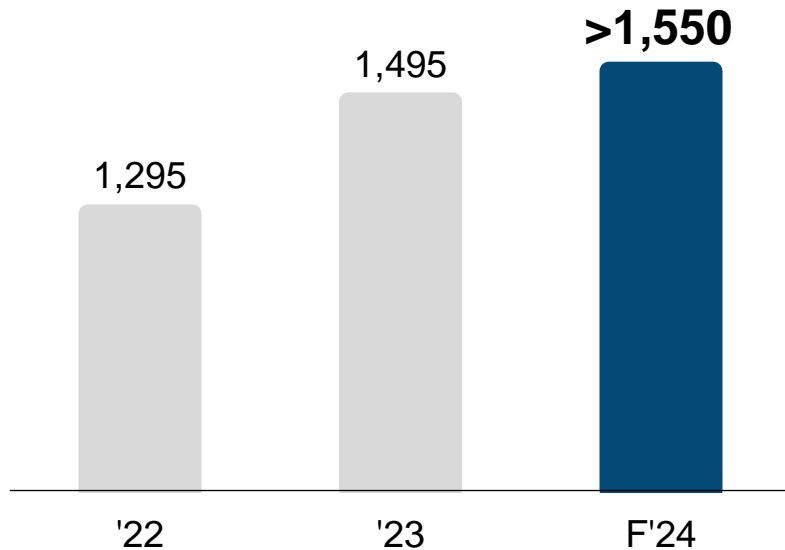
GRUPPO

# HERA

*Business Plan*

2024-2028

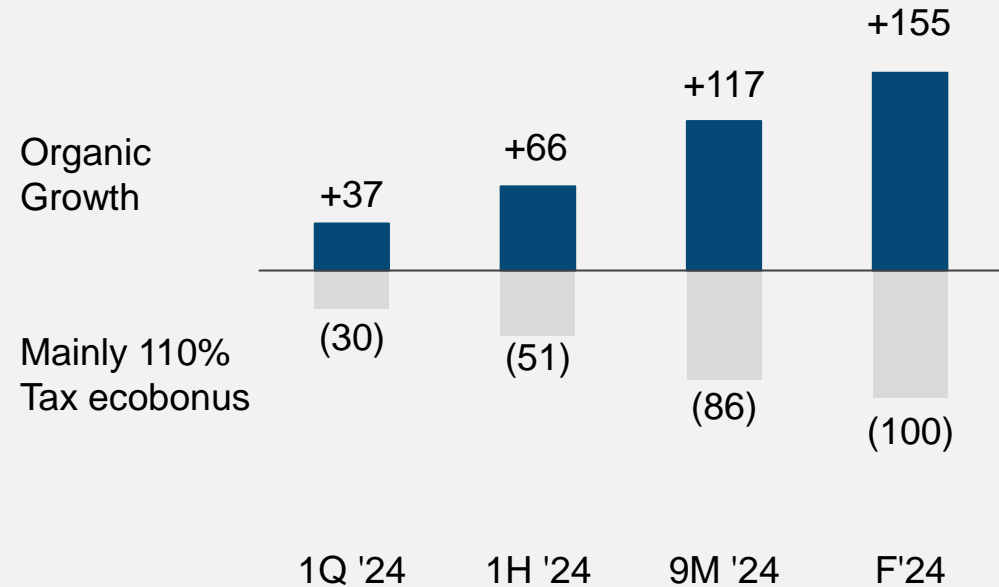
## F'24 Ebitda growth (m€)



Growth

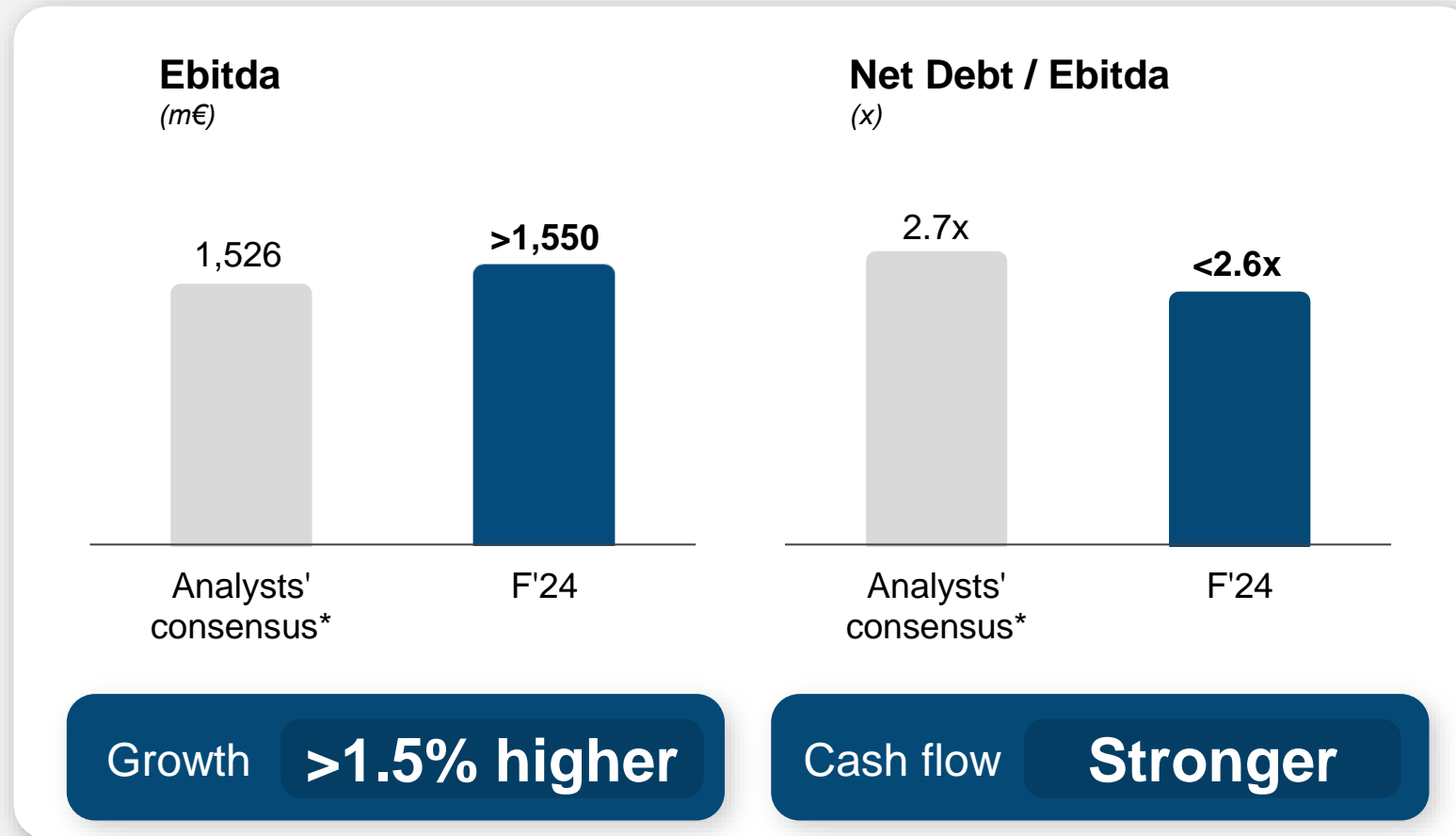
**>50 m€**

## Quarterly Ebitda growth (m€)



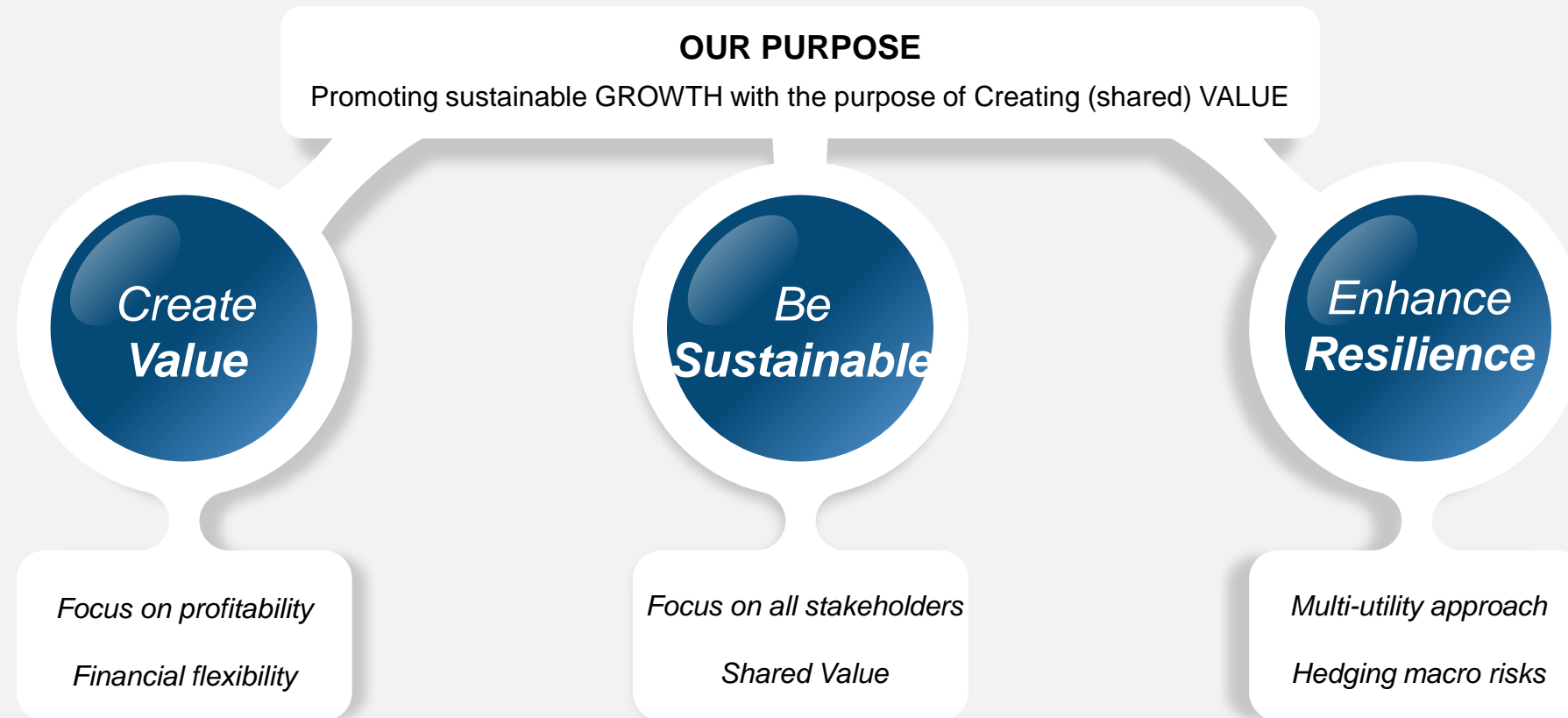
**Growing recurrent businesses** more than offset '23 tax ecobonus

# 2024 forecast: outperforming results



\*Company's collected consensus

## Solid execution



Enhancing **sustainable profitability** & properly **managing risks**

# Create Value

Accretive capital discipline

Market development

Efficiency gains

Portfolio mix

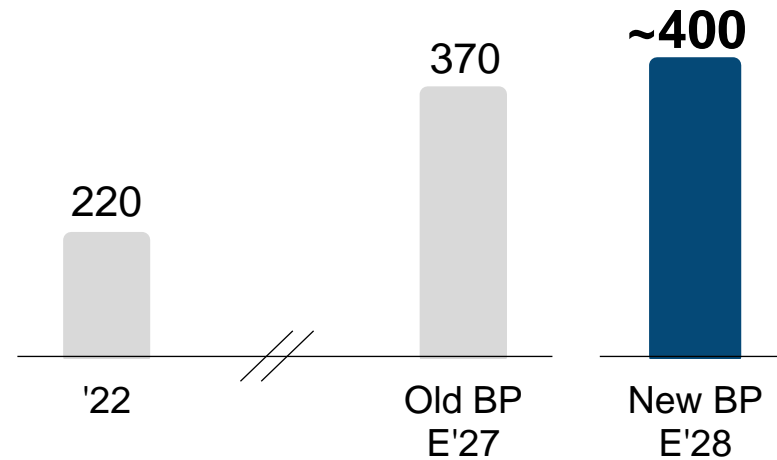
Accretive M&A

Sinergy exploitation

## Strong returns throughout 2028

### Value creation

(Spread ROI – sector WACC, bps)



**VALUE CREATION ~400 bps**

EPS CAGR ~6%

DPS YIELD ~5%

**TSR ~11%**

**Double digit Total shareholders' return confirmed**

# Be Sustainable

Sustainable approach to management

Innovation to tackle with climate change

## Strong ESG commitments

(capex b€)



**Capex plan underpins a fully sustainable Ebitda growth**

# Enhance Resilience

Multi-utility formula

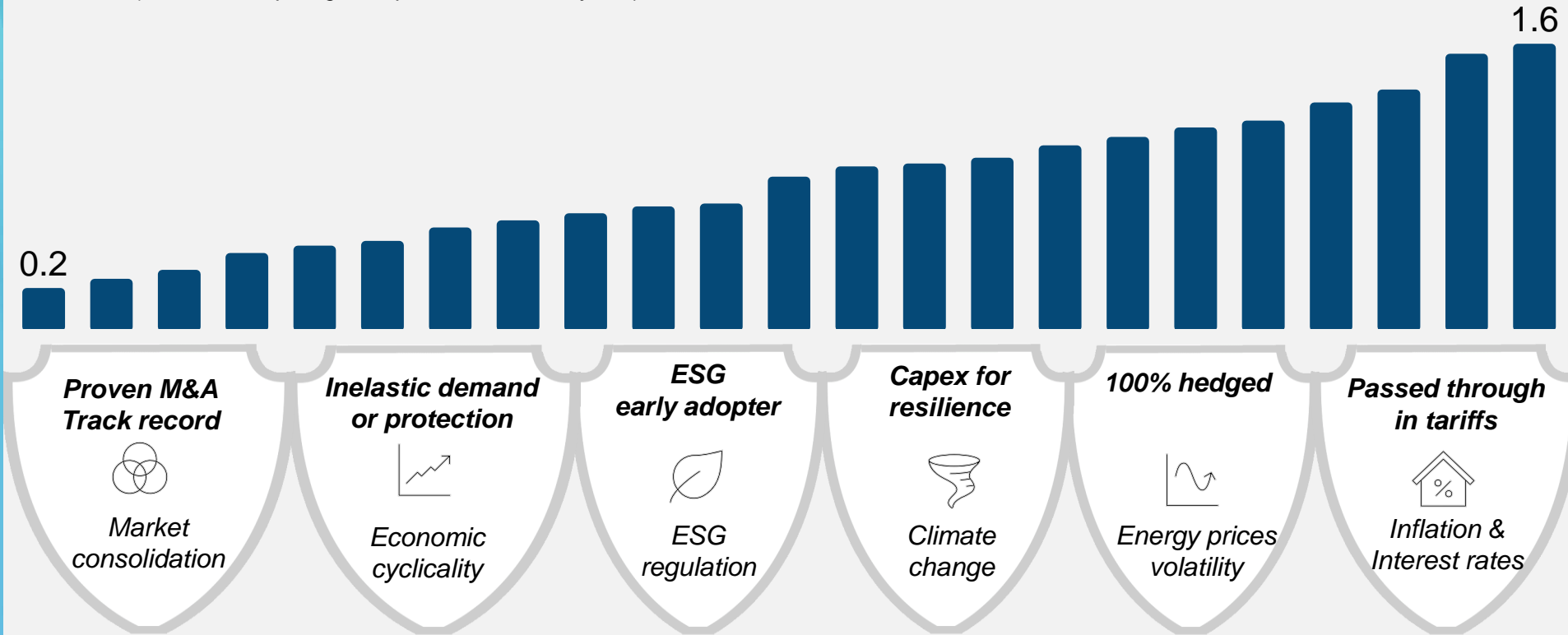
Business policies to neutralize risks

Maintain low financial leverage

# Low risk appetite underpin our resilient growth

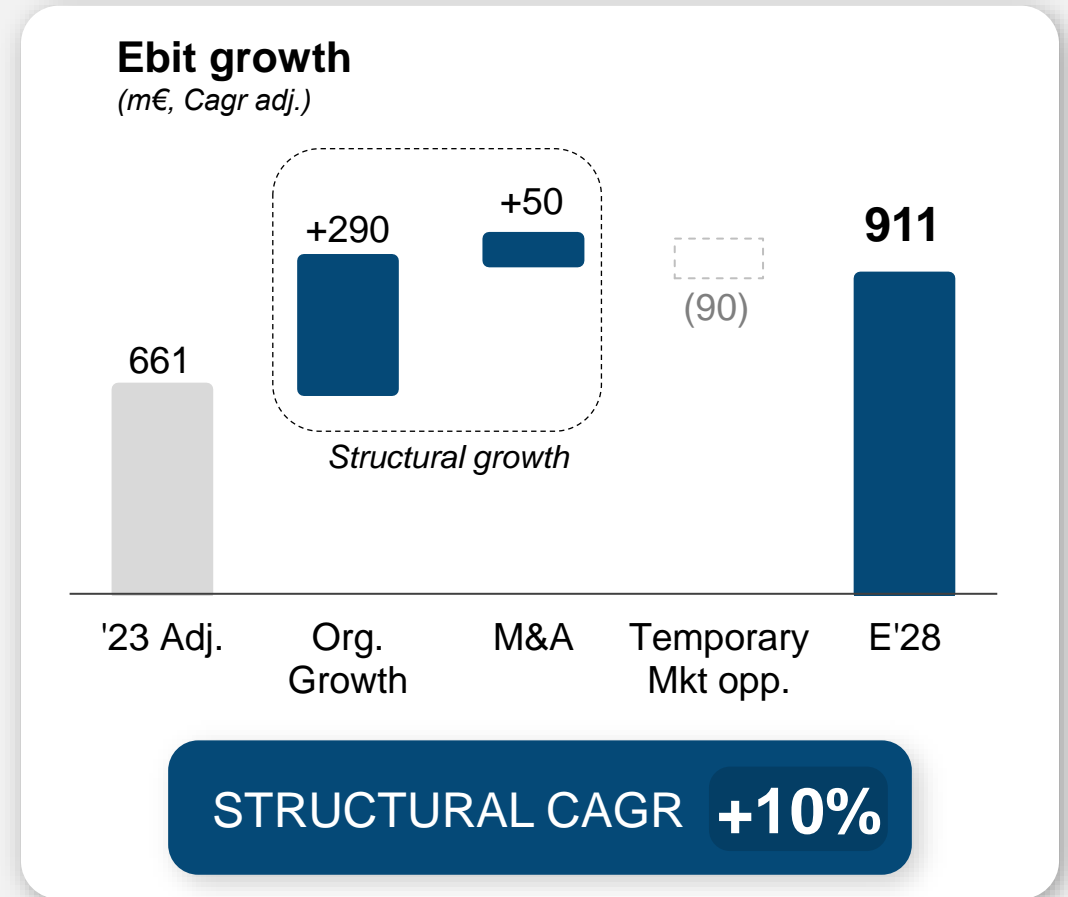
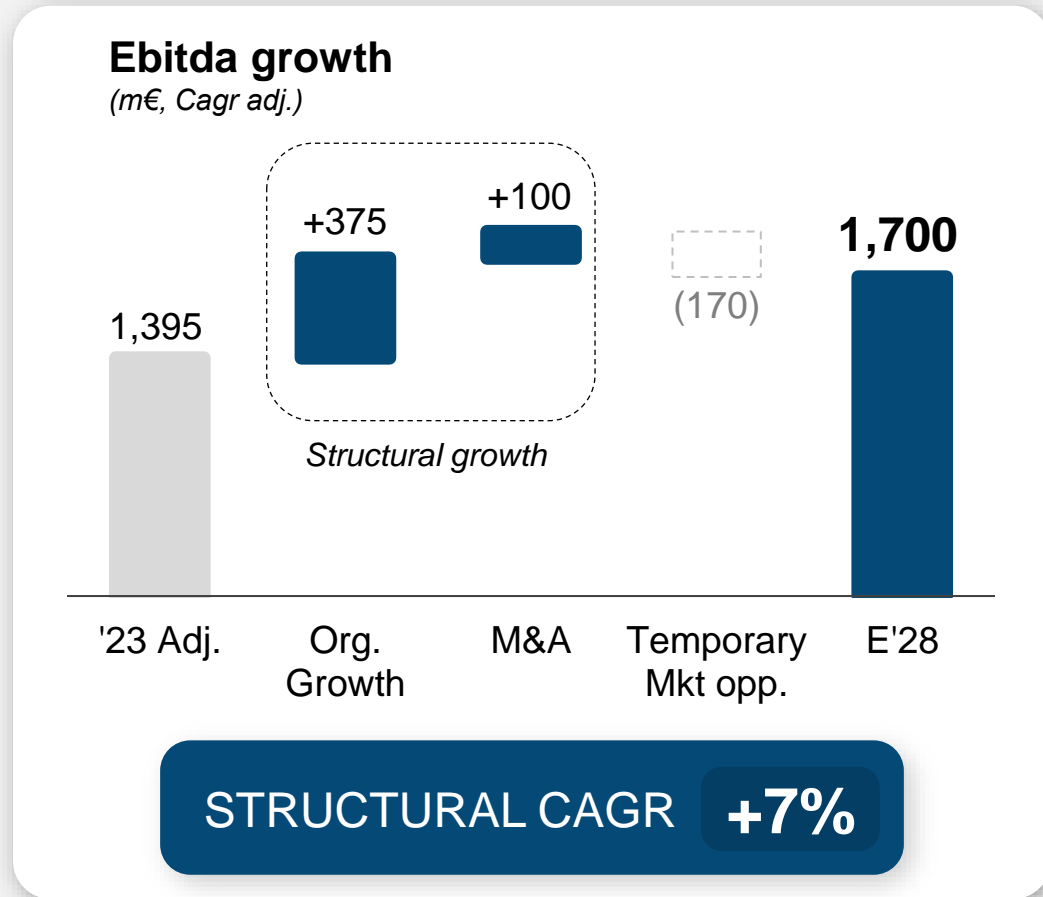
## Ebitda track record

(b€, Un-interrupted growth profile over last 20 years)



**Enhancing value also by managing properly risks**

# Ebitda growth targets: structural growth confirmed

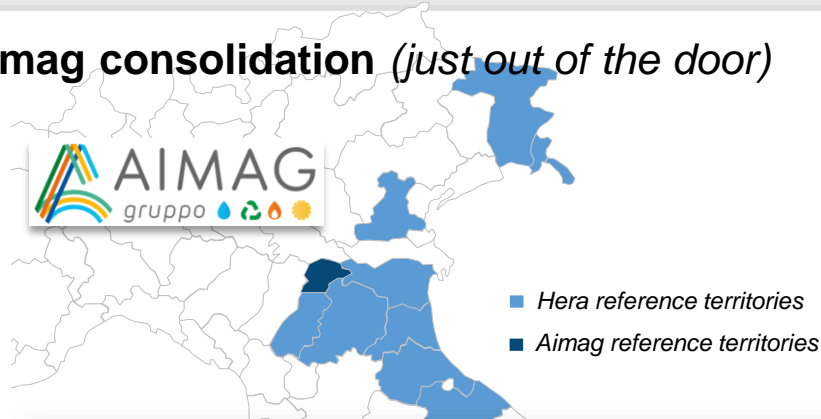


Market opportunities go on top of structural growth



# Aimag: signed a synergic partnership

## Aimag consolidation (just out of the door)



STAKE OWNED from 25% → **to 41%**

Through an asset swap\*, Hera's stake in Aimag will reach 41% in exchange of 45% of Water assets in the Modena province.

Hera will **gather management control** consolidating line by line already in '25 in the accounts.

EV / EBITDA MULTIPLE **~7x**

## Aimag ID card

EBITDA from ~60 m€ in '23 → **77 m€** in E'28 ^

Networks 50% Waste 20% Energy 30%

NET DEBT '23 **~210 m€**

## Aimag KPIs

NETWORKS RAB **~210 m€**

WASTE VOLUMES **~200 ktons**

ENERGY CLIENTS **~230,000**

\* Hera's regulated assets, conferred to the Newco, have been valued at 20% premium on RAB

^ Business plan projections of Aimag «stand alone» excluding synergies with Hera

# The deal will give visibility on 77% of M&A targets within summer

**NETWORKS** **+155 m€**

- RAB enhancement
- Wacc Increase
- Efficiency gains

**WASTE** **+136\* m€**

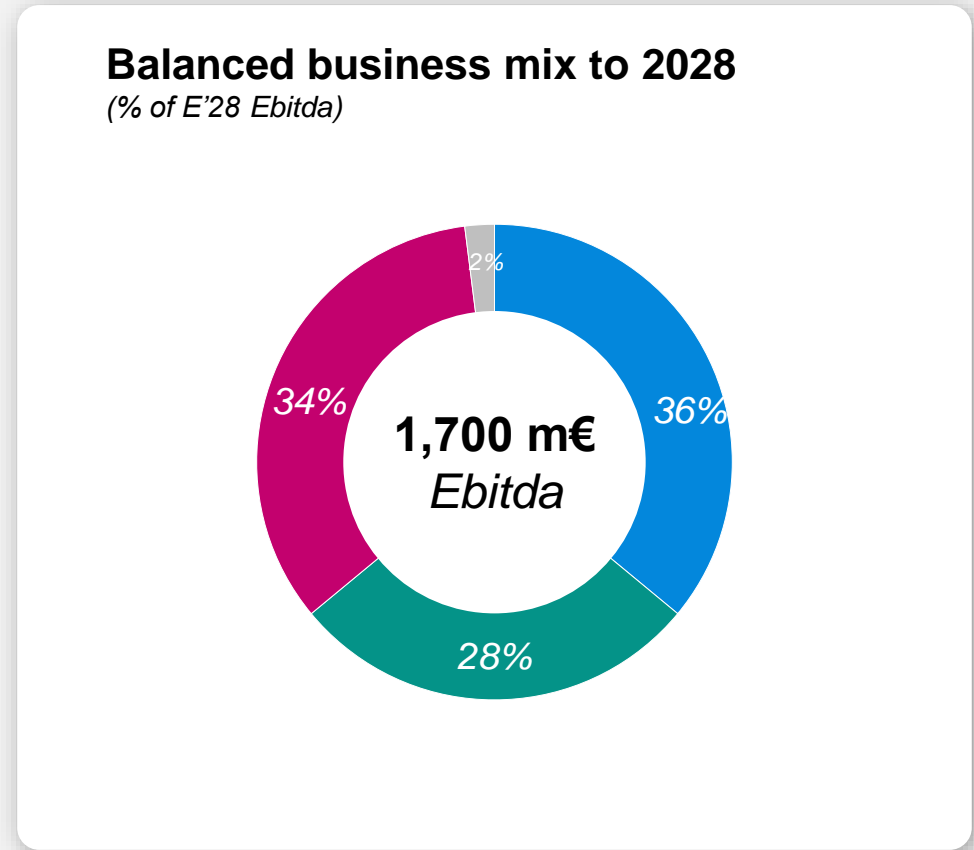
- Expand markets
- Enlarge Asset base
- M&A

\* Structural growth

**ENERGY** **+177\* m€**

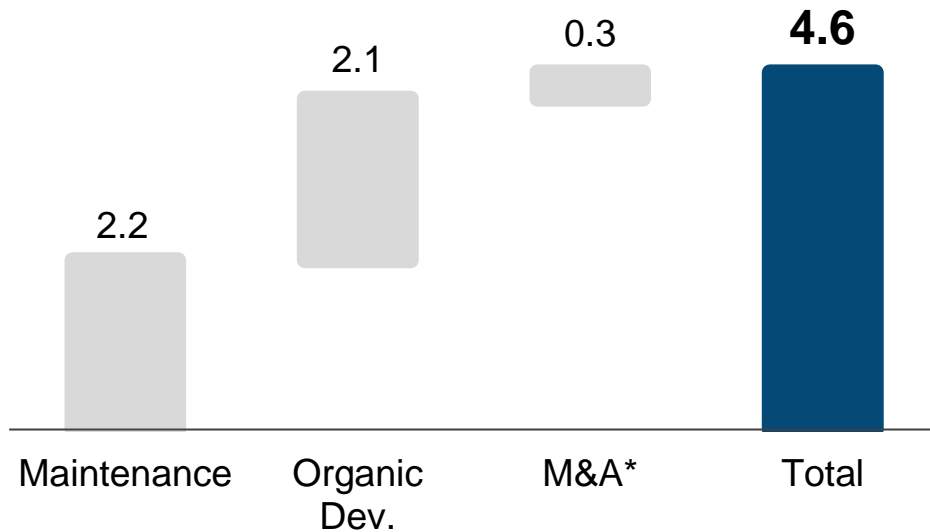
- Shaping costs recovery
- Commercial development
- STG customers

\* Structural growth



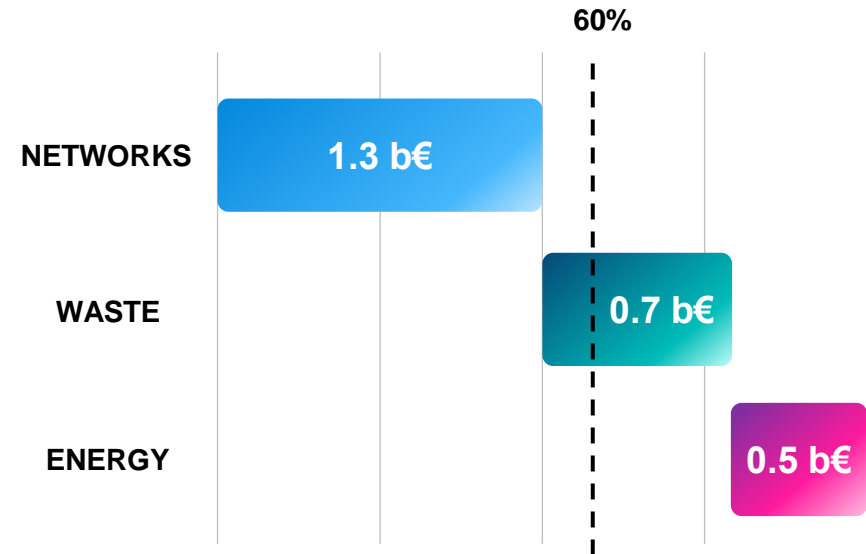
**Increasing 5Y Ebitda growth maintaining a balanced portfolio**

## 5Y Capex plan by nature (b€)



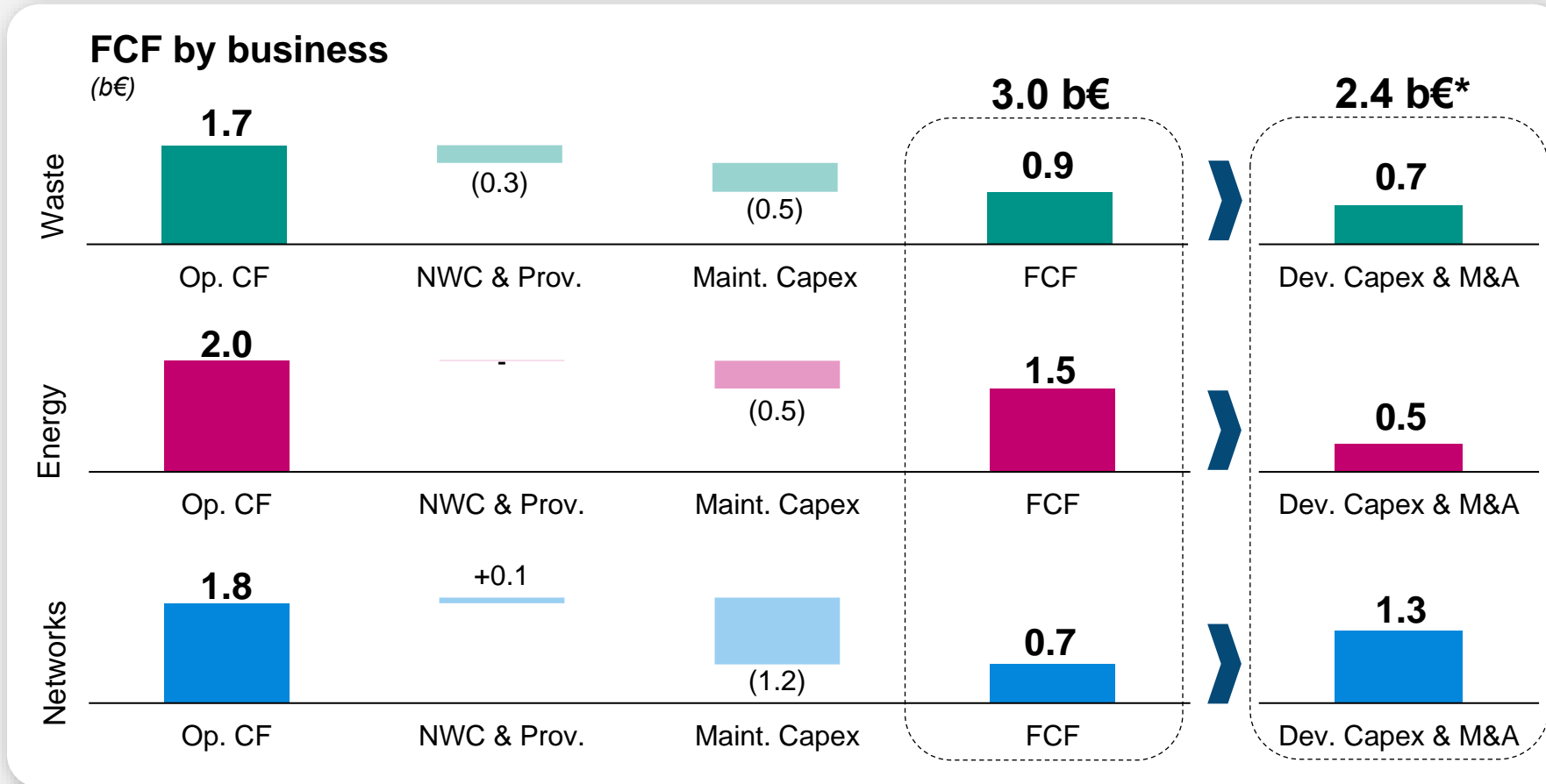
\* Equity investment

## Development capex and M&A breakdown



## Enhanced Waste and Network infrastructures

# Capital Allocation: Portfolio cash flows management



**FCF allocation**  
(% of businesses FCF)

**100% REINVESTED**

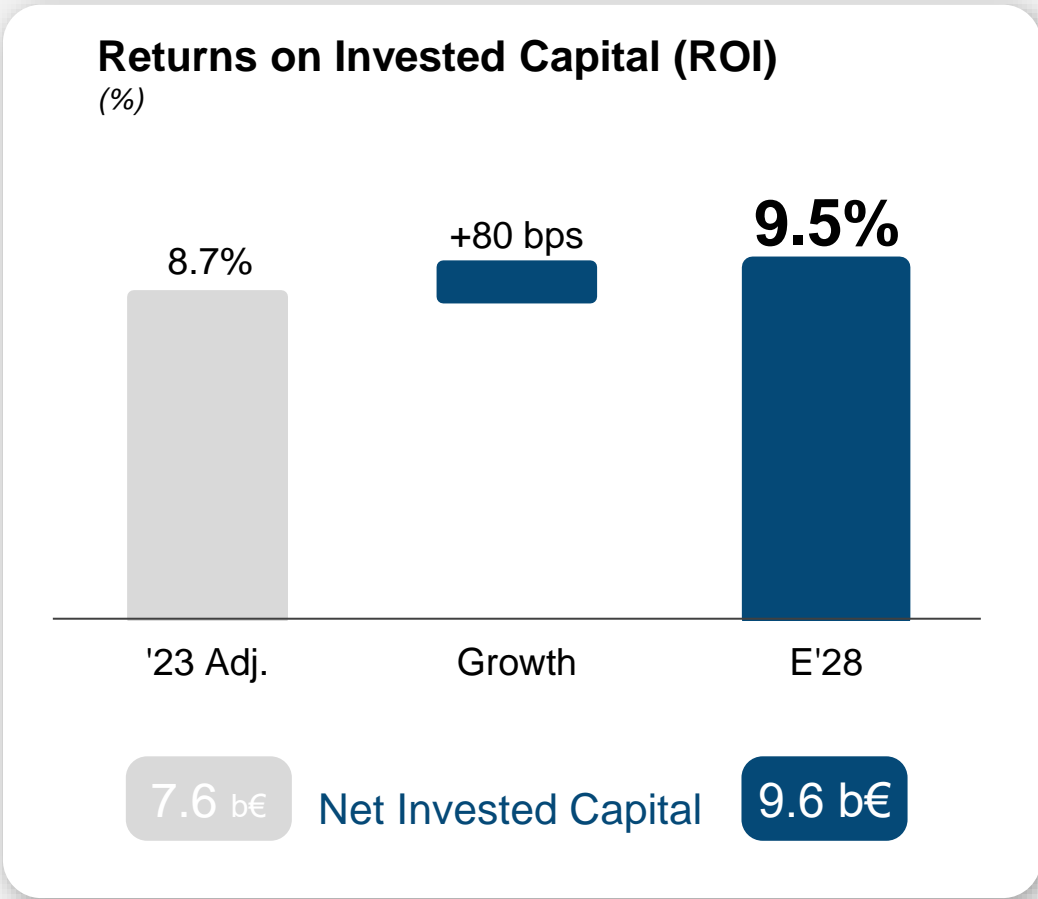
**~30% REINVESTED**  
**~40% IN NETWORKS**  
**~30% IN DIVIDENDS**

**~2x IN RAB**

\*Development capex and M&A include only equity investment and not also the related debt (estimated in about 300m€)

**Energy supply underpins faster Network development**

# Capital allocation: increasing returns in all businesses



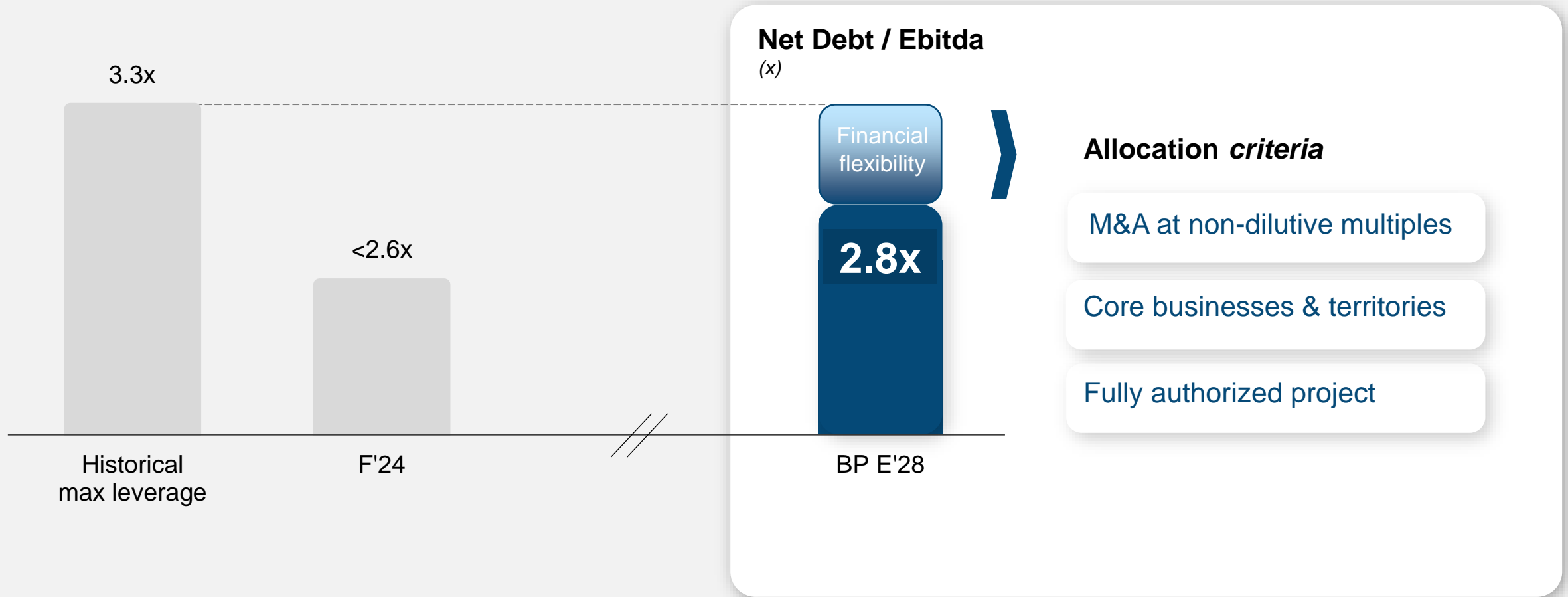
### Returns on Invested Capital (ROI) (%)

	2023		E2028
NETWORKS*	5.1%	>	5.7%
WASTE collection*	5.6%	>	5.9%
WASTE treatment	10.3%	>	13.7%
ENERGY supply	21.4% <sup>^</sup>	>	19.0%

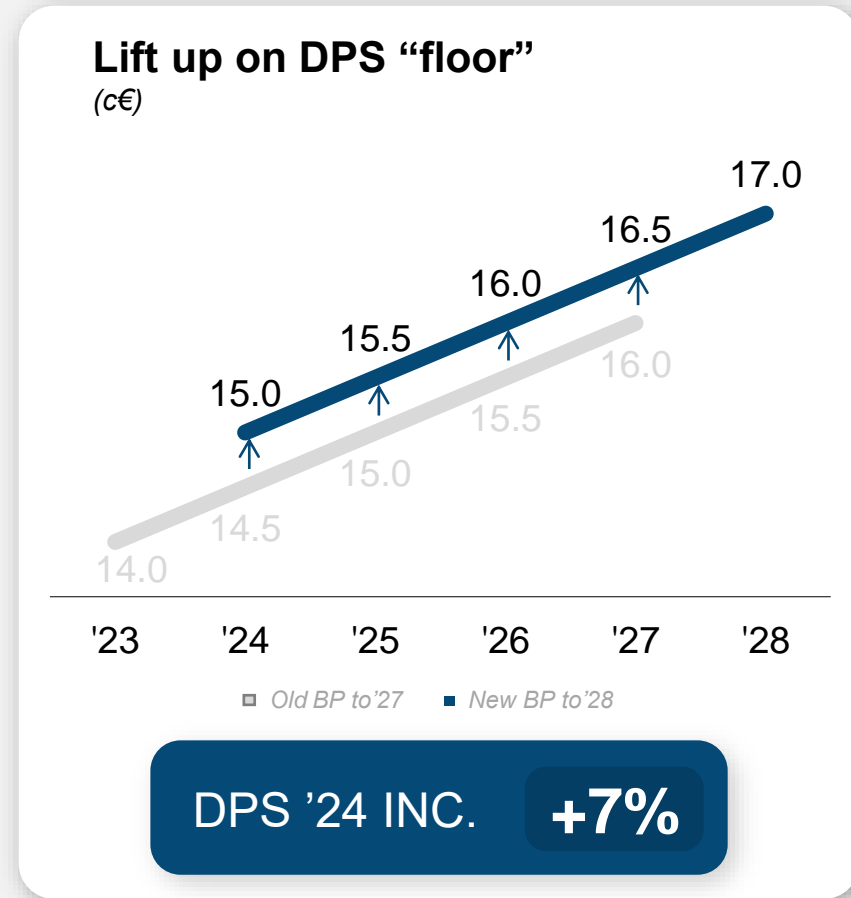
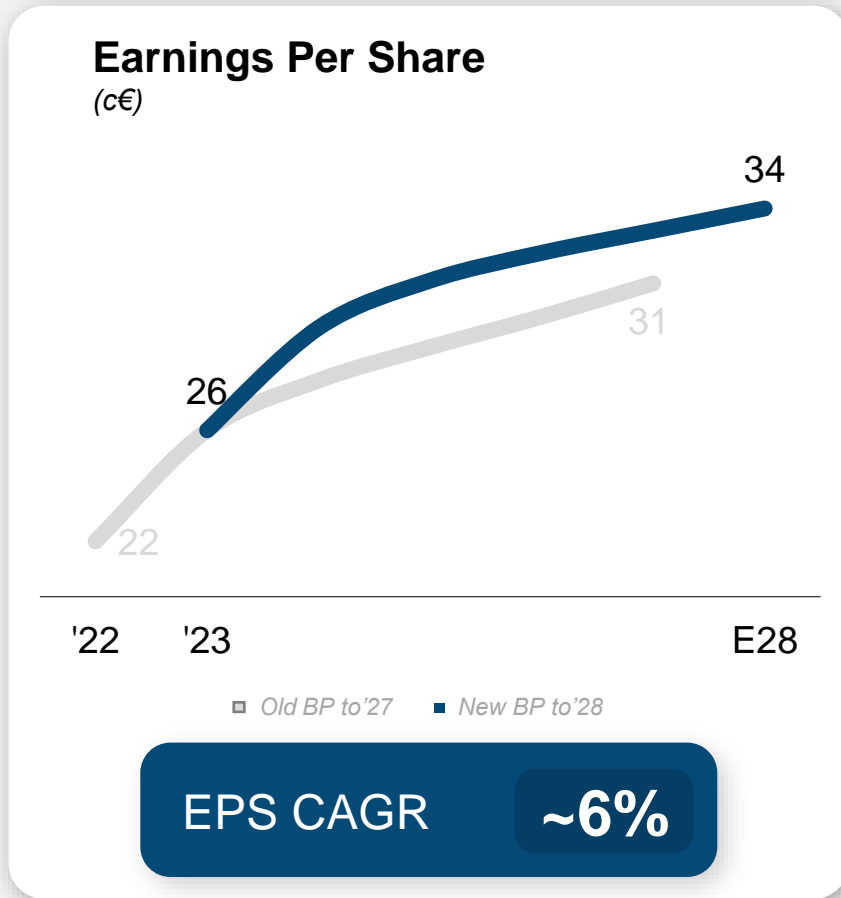
\* Regulated Wacc ^ Adjusted for activities related to Tax Ecobonus

## Enhanced risk/reward profile

# Capital Allocation: kept strategic room for further growth



Strict discipline for further investment potentials



EPS underpins **step up in Dividend commitments**

# EMERGENCY

**3<sup>rd</sup>**

*Italian  
player*

**4.7mln**

*Customer  
base*

**HIGH**

*Loyalty  
vs. mkt avg*

**HIGH**

*Solvency  
vs. mkt avg*

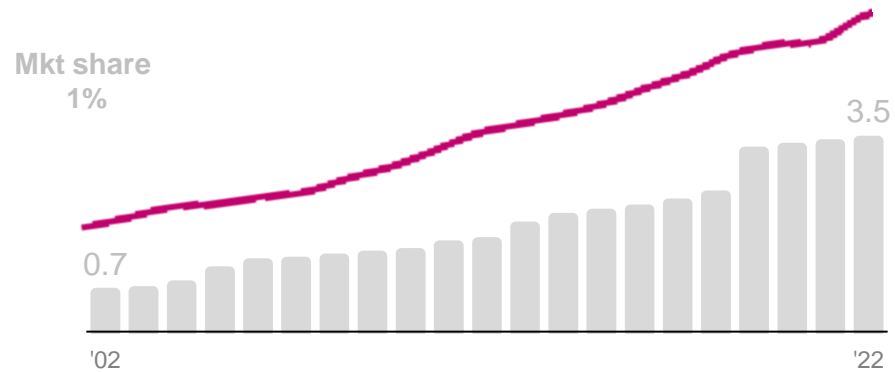
**WINNER**

*Market  
liberalization*



## Customer base un-interrupted growth

(mln customers, Ebitda m€)



CHURN RATE **LOW**

UNPAID RATE **LOW**

Competitive advantages

Multi-business mgmt. (CRM, billing)

Territorial presence >200 shops

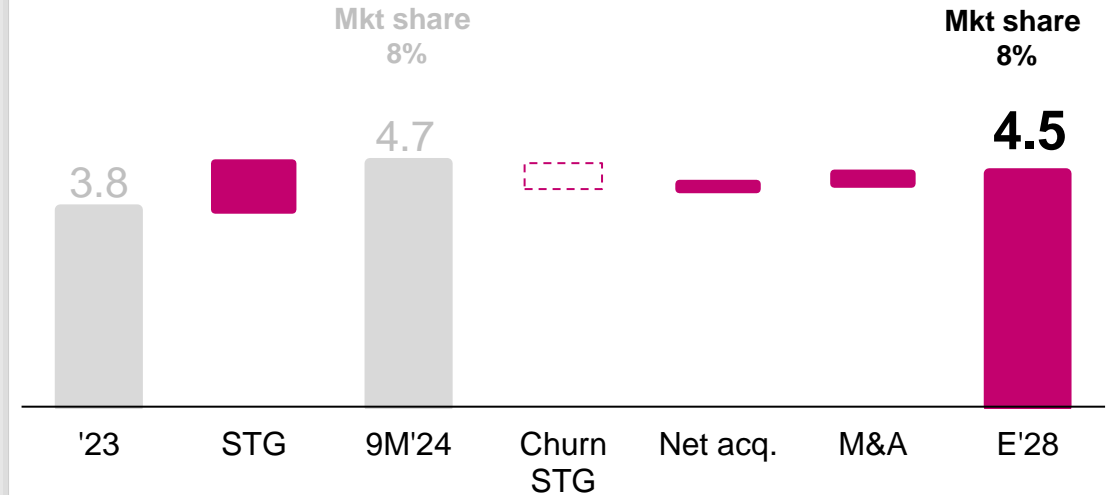
Service quality perceived

Strong local penetration

■ Customer base — Ebitda

## Customer base projections to E2028

(mln customers)



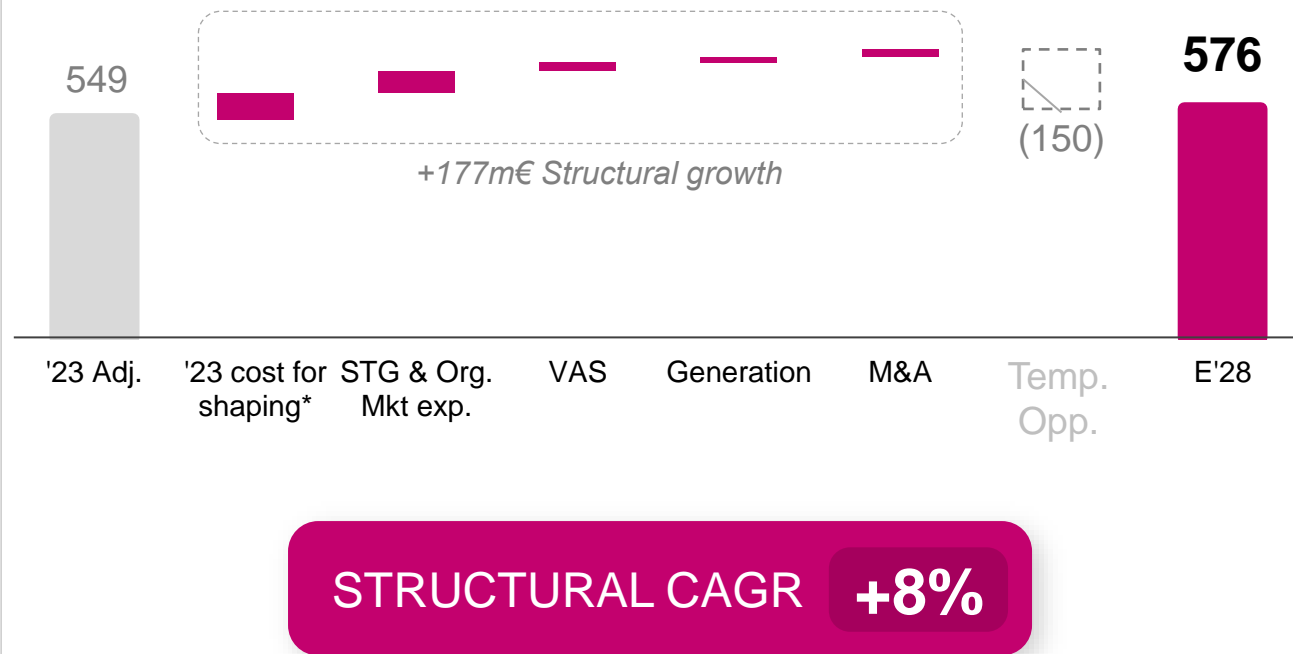
Deploying competitive advantages to consolidate market share

## Consolidating high quality customer base

# Energy growth targets

## Ebitda growth

(m€, Cagr adj.)



\*2023 affected non-recurrent cost related to shaping activities that normalized starting from 2024.

## Highlights

CUSTOMERS

**+700k**

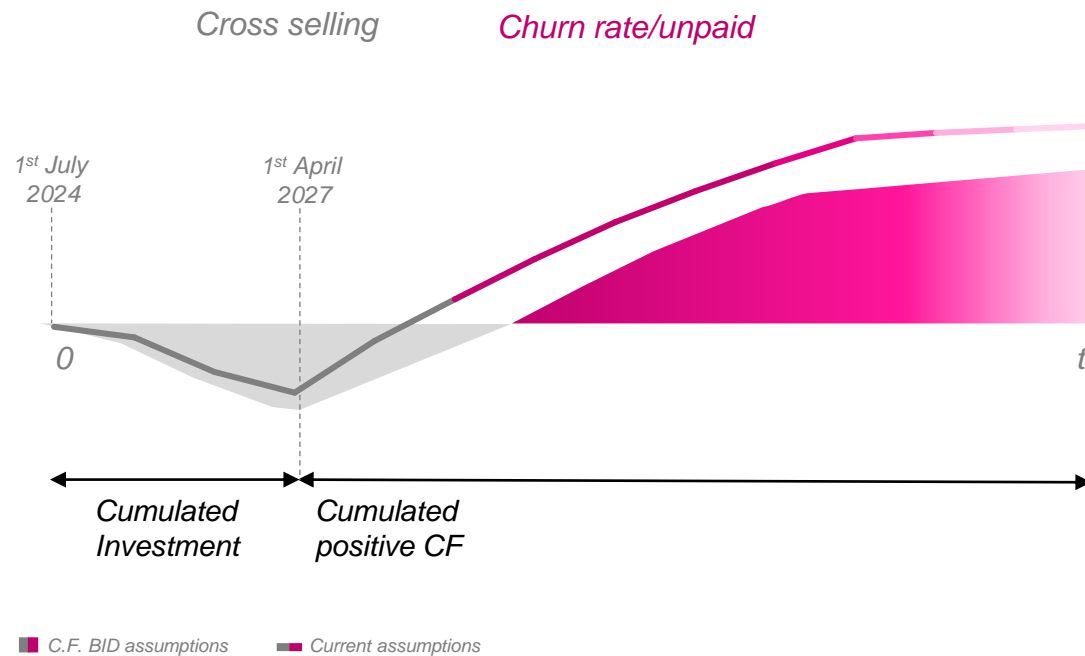
E2028 RES

**177<sub>MW</sub>**

**FURTHER UPSIDE FROM  
LAST RESORT TENDERS**

**Visible growth drivers with upside potentials**

## STG estimated cumulated cash flow



2024 EVIDENCE BETTER THAN BID ASSUMPTIONS

HIGHER AWARENESS

PROGRESSIVE INCREASE LOYALTY

LOW UNPAID RATIO

CROSS SELLING OUTPERFORMANCE

1<sup>st</sup> April '27, **STG automatically switched to Hera's liberalized contracts**

# WASTE

**1<sup>st</sup>**

*Italian  
leader*

**>100**

*Diversified  
plants*

**ITALY**

*Structural  
under-capacity*

**TOP**

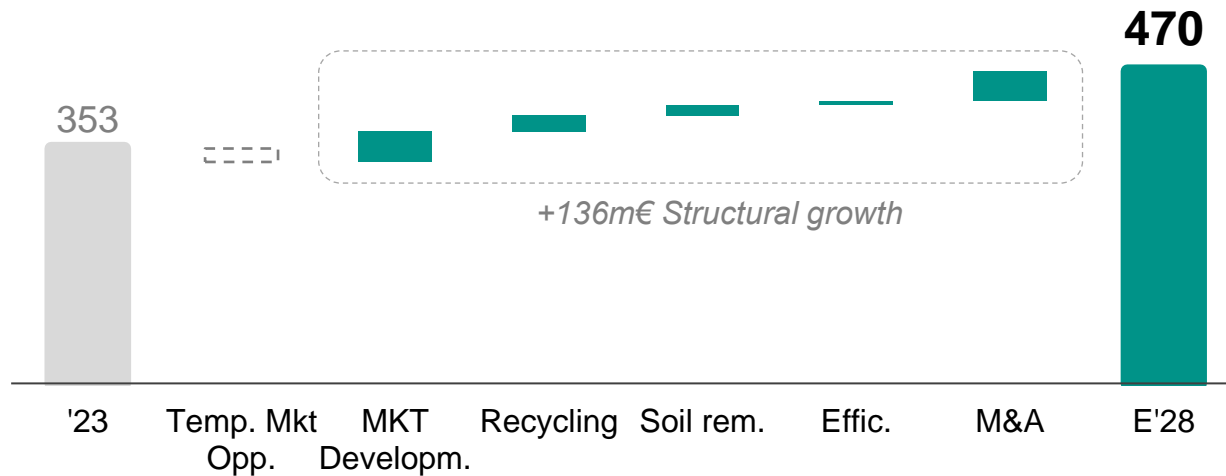
*Plastic  
recycle*

**M&A**

*High market  
fragmentation*

## Ebitda growth

(m€, Cagr adj.)



**STRUCTURAL CAGR +7%**

## Highlights

**VOLUMES CAGR +5%**

**DEVELOP. CAPEX 0.7b€**

**FURTHER UPSIDE FROM SIGNED PARTNERSHIPS**

**Diversified set of growth levers boosts profitability**

# FOCUS: Waste treatment growth potentials

## Treatment



### Italian leader



#### M&A upside

Make or Buy approach

More than 200 targets

#### Plants expansion



## Plastic recycling



### Italian leader

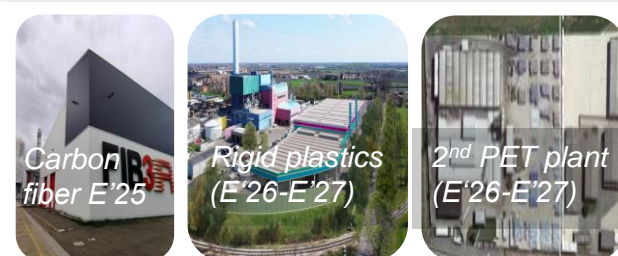


#### Regulatory upside

PPWR confirms SUP directive

Recycling certif. from CO2 savings

#### Plants expansion



## Soil remediation



### Italian leader



#### Market upside

Targeting 13k polluted sites

Incentives and recovery fund

#### Partnerships



Leveraging on market leadership to increase market share

GRUPPO  
**HERA**

# NETWORKS

**1<sup>st</sup>**

*Water  
quality*

**~4.5b€**

*E2028  
RAB*

**BEST**

*Water  
losses*

**ESG**

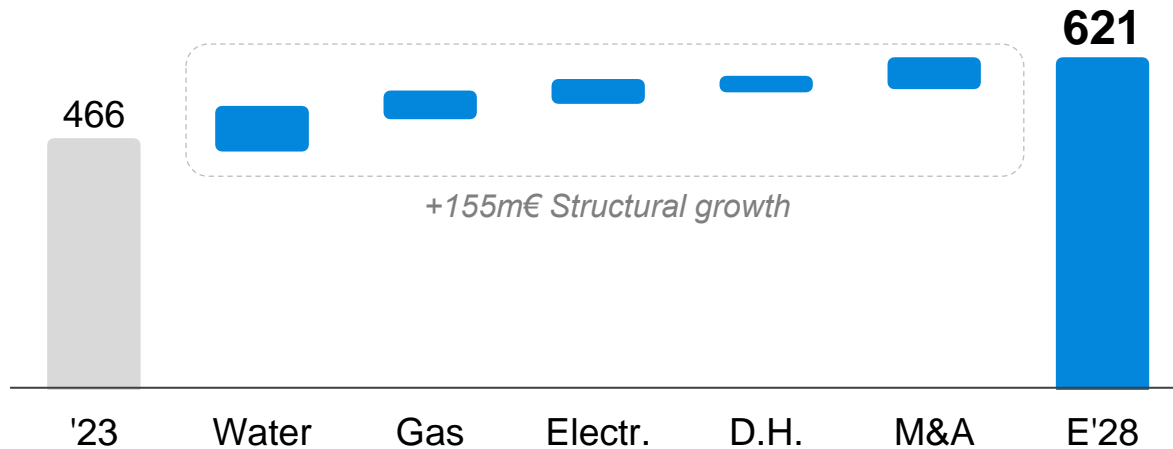
*Transition  
enabler*

**Protected**

*Macros and  
climate change*

# Networks growth targets

## Ebitda growth (m€, Cagr)



EBITDA CAGR

**+6%**

## Highlights

WATER losses

**-10%**

WATER reused

**14%**

NET districtualized

**99%**

H2 mix

**Ready**

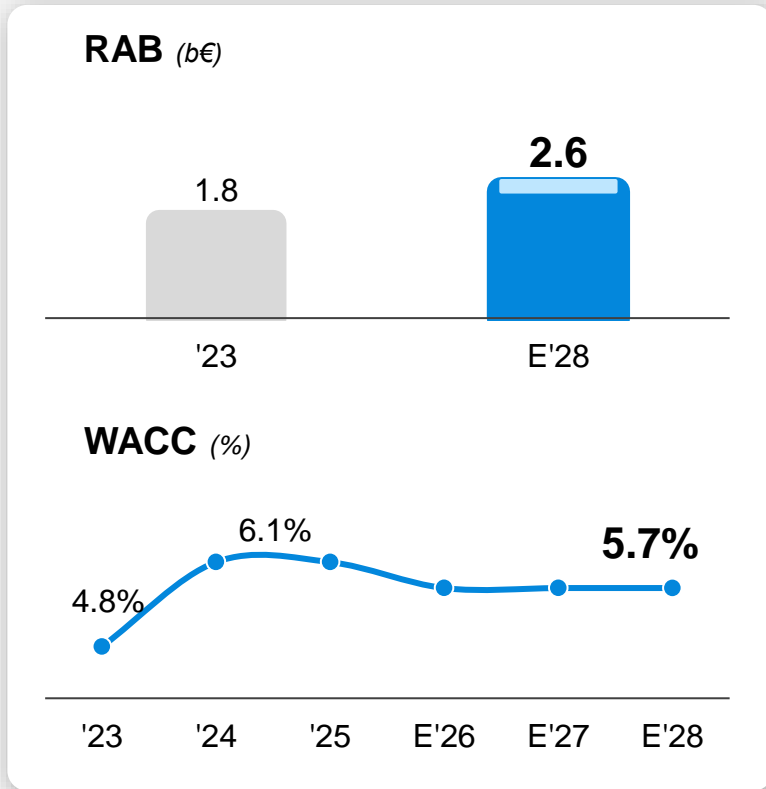
AIMAG RAB E'28

**~240m€**

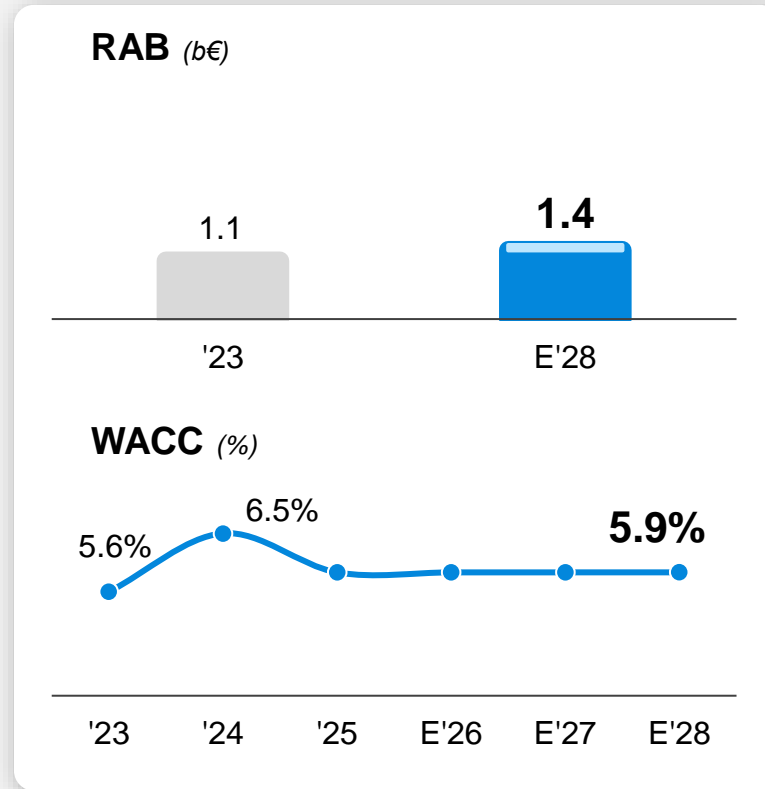
**1.3 billion € development capex drive growth in all activities**



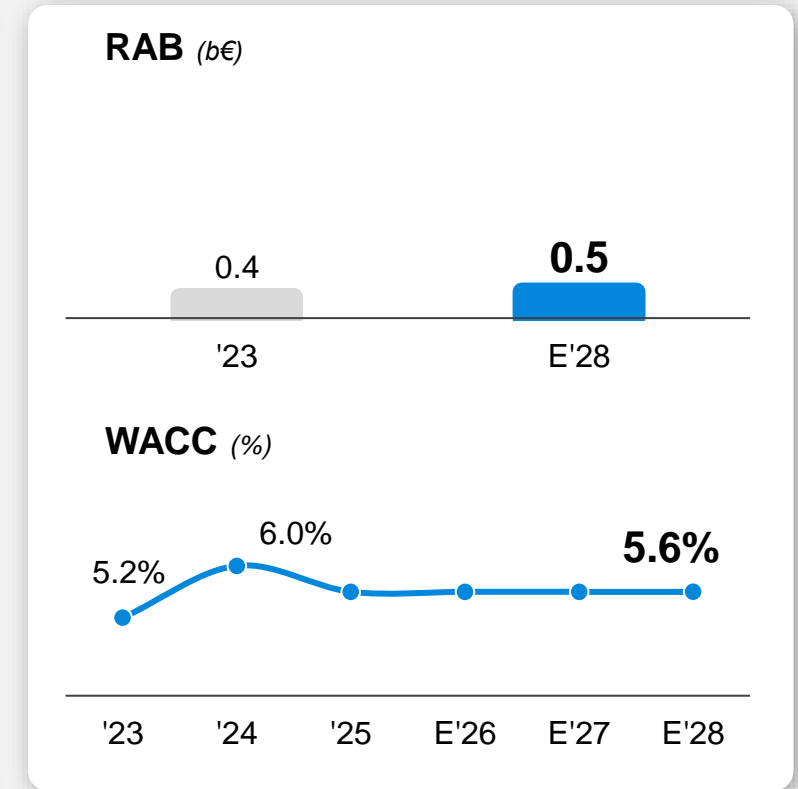
## WATER SERVICES



## GAS DISTRIBUTION



## ELECTRICITY DISTRIBUTION



■ Aimag RAB

**Resilient asset base increase of 36% to 4.5b€ with protected returns**

# CLOSING REWARDS

# Closing remarks

*High visibility on all growth drivers including M&A with a wide room to fund further expansion potentials on fragmented markets.*

**Outperforming forecast**

>1.55 b€ Ebitda  
<2.6x Leverage

**AIMAG will lock-in M&A targets by:**

**77%**

**Double digit TSR confirmed**

**~11%**

**Growing dividend policy**

**Step up**

**Wide financial flexibility to further grow**

**2.8x**  
E'28 leverage

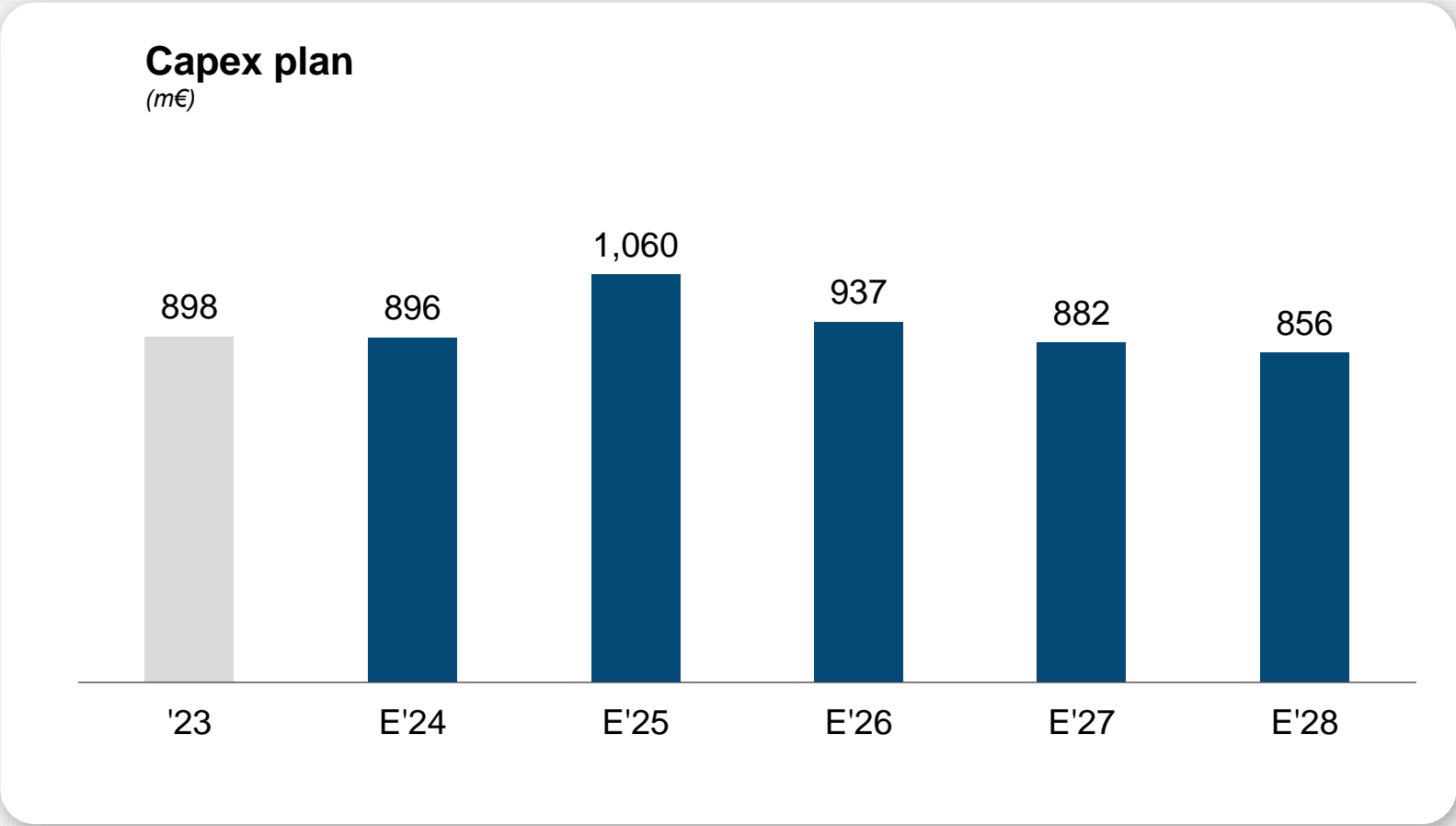
**Solid plan underpins double digit TSR**

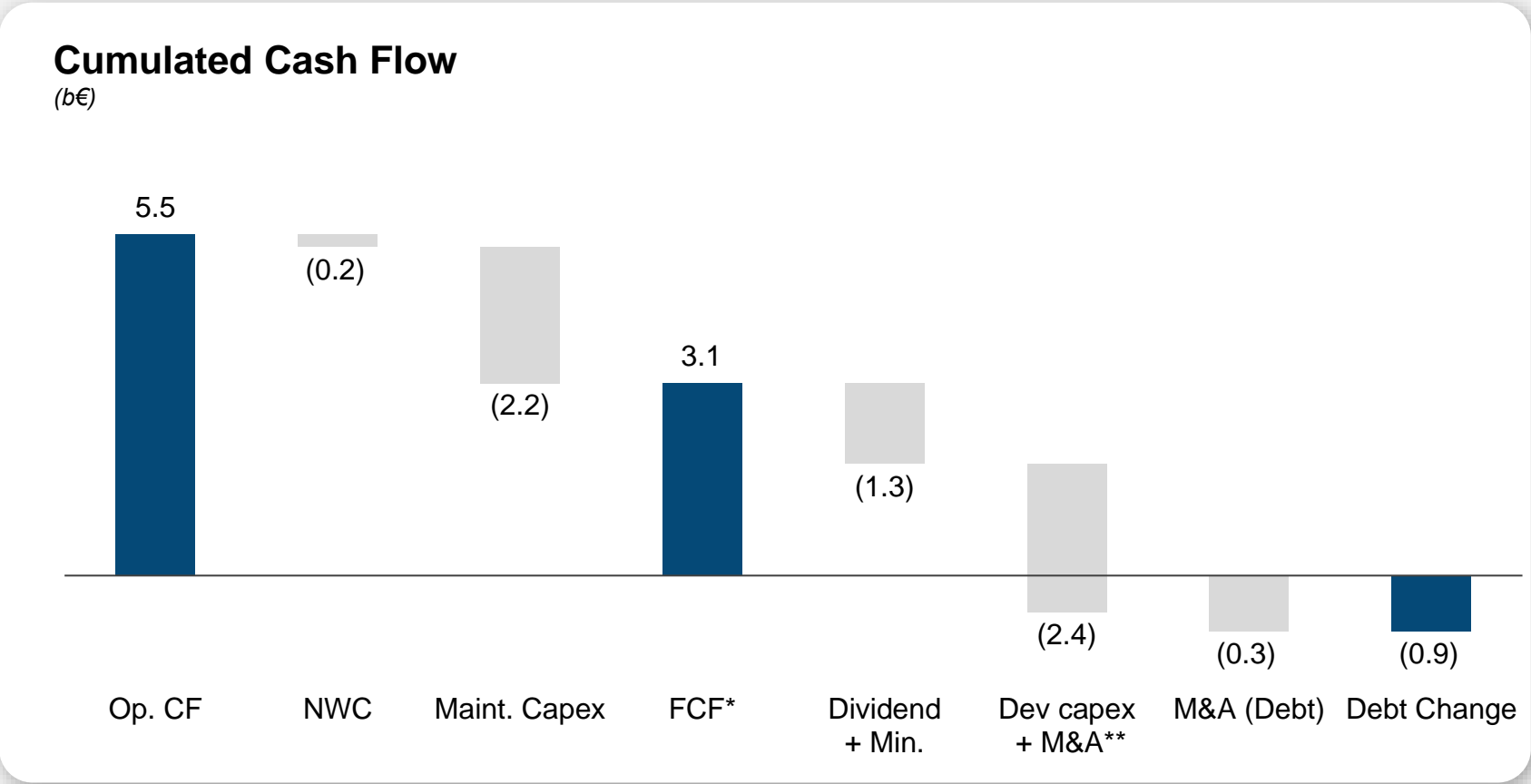


ANNEX

# Business Plan main assumptions

	2023	E2028
<b>Electricity price</b> <i>(€/MWh, PUN)</i>	127	108
<b>Gas price</b> <i>(€/MWh, TTF)</i>	82	30
<b>Oil price</b> <i>(\$/barrel)</i>	82	72
<b>Inflation</b> <i>(%)</i>	5.7%	2.0%



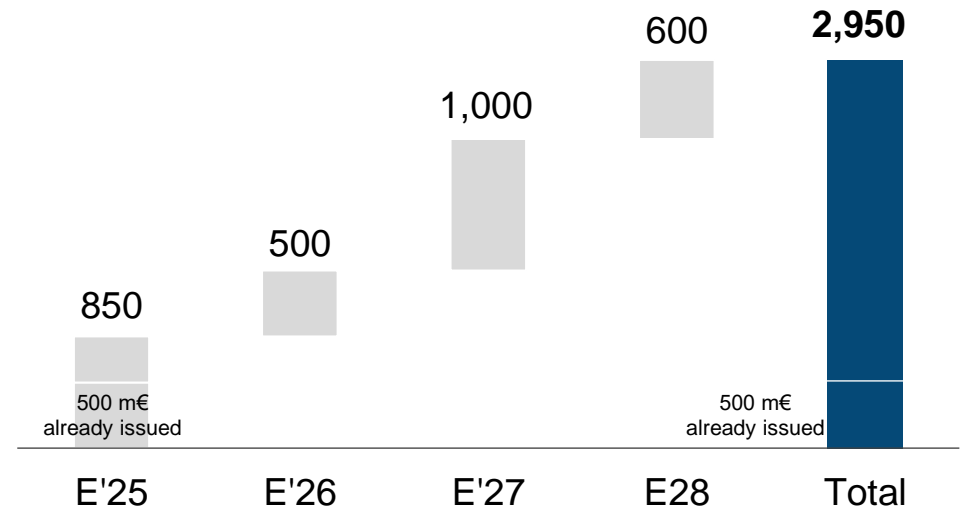


\*Including also FCF of Other businesses  
\*\*Equity investments in M&A (cash out) of about 0.3b€

## Cost of debt (%)

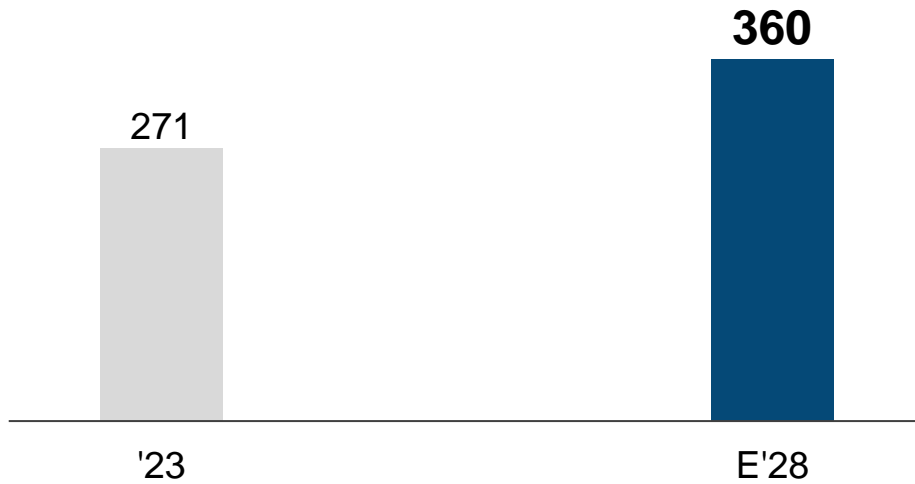


## Refinancing needs (m€)





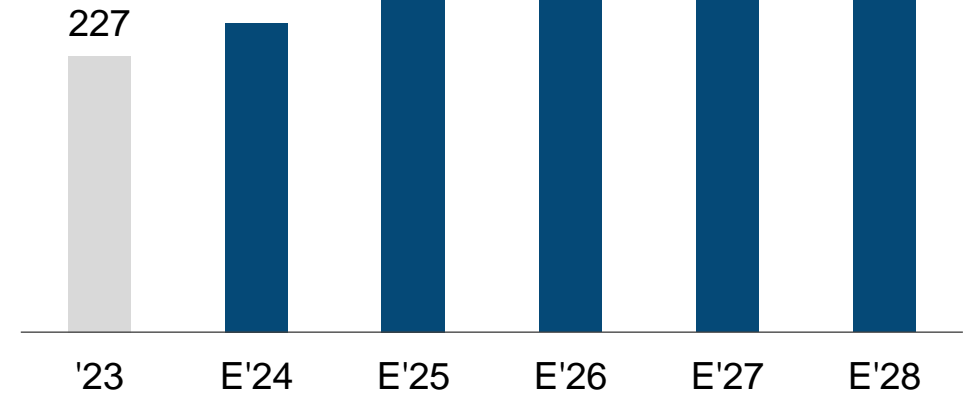
## Ebitda growth (m€)



EBITDA CAGR

**+6%**

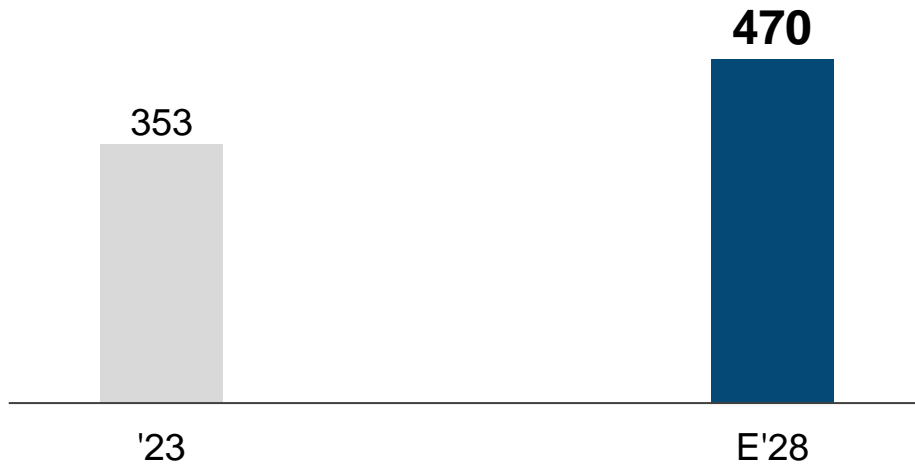
## Capex (m€)



CAPEX

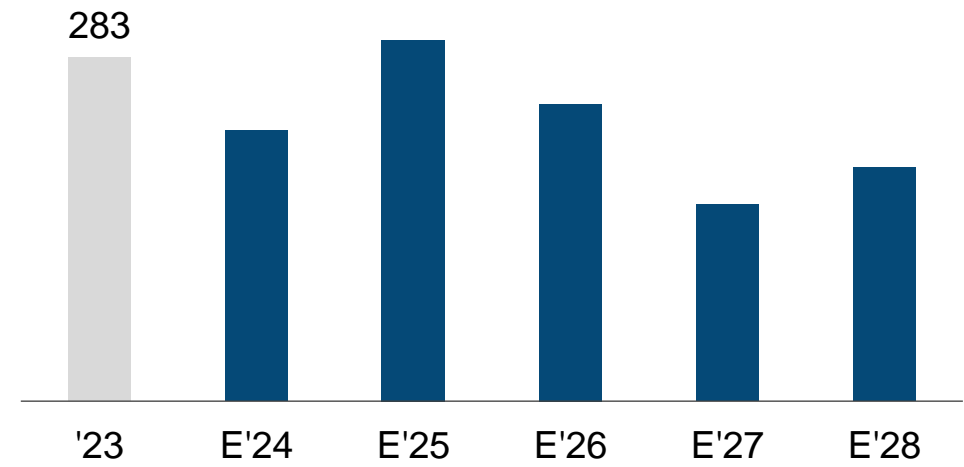
**1.4 b€**

## Ebitda growth (m€)



STRUCTURAL CAGR **+7%**

## Capex (m€)



CAPEX

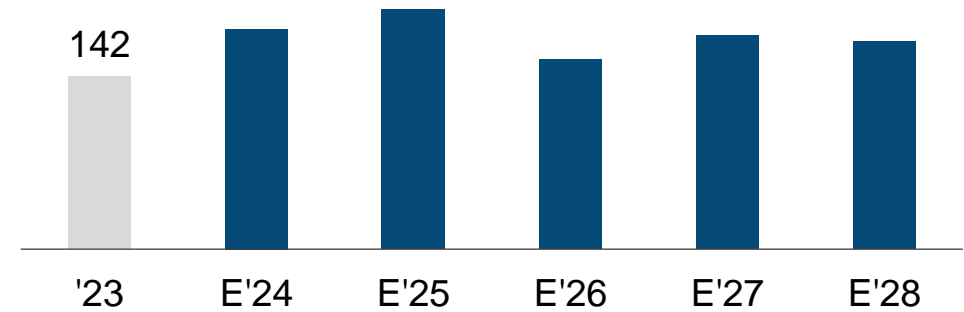
**1.1 b€**

## Ebitda growth (m€)



STRUCTURAL CAGR **+8%**

## Capex (m€)



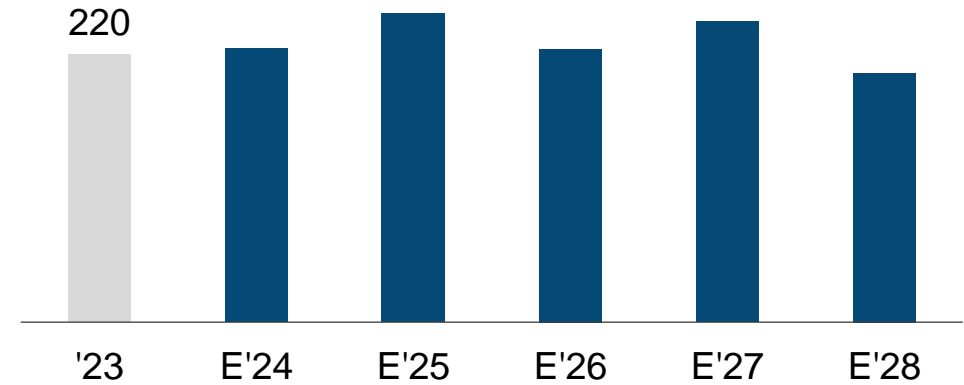
CAPEX **0.9 b€**

## Ebitda growth (m€)



STRUCTURAL CAGR **+1%**

## Capex (m€)



CAPEX **1.2 b€**

*This presentation contains forward-looking statements regarding future events (which impact the Hera Group's future results) that are based on current expectations, estimates and opinions of management.*

*These forward-looking statements are subject to risks, uncertainties and events that are unpredictable and depend on circumstances that might change in future.*

*As a result, any expectation on Group results and estimates set out in this presentation may differ significantly depending on changes in the unpredictable circumstances on which they are based.*

*Therefore, any forward-looking statement made by or on behalf of the Hera Group refer on the date they are made.*

*The Hera Group shall not undertake to update forward-looking statements to reflect any changes in the Group's expectations or in the events, conditions or circumstances on which any such statements are based.*

*Nevertheless, the Hera Group has a "profit warning policy", in accordance with Italian laws, that shall notify the market (under "price-sensitive" communication rules) regarding any "sensible change" that might occur in Group expectations on future results.*